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December 5th, 2005

TO: Citizens' Oversight Committee

RE: Fund Leveraging Proposal, Agenda Item 6

Dear Oversight Committee:

Greetings,

The passage of a half-cent sales tax in November 2004 by Marin County has enabled Marin to independently address the needs of its multi-modal transportation system. While providing funding directly for a variety of transportation needs including transit, the Hwy 101 Carpool Lane project, local roads, and school access, the sales tax also positions Marin to leverage outside fund sources, thus bringing more than the immediate sales tax revenue to Marin County. Marin's willingness to help itself by developing and passing the sales tax sent a strong message to the holders of outside fund sources that Marin could bring its own money to the table, to attract and match other transportation funds.

The Measure A Expenditure Plan envisioned the role of other fund sources to help meet Marin's transportation needs. It recognized that the sales tax funding opened up new opportunities to compete for state and federal grants that require a local match. The Expenditure Plan also discusses TAM's authority to bond and use other financing mechanisms for the purpose of expediting the delivery of transportation projects and programs and to provide economies of scale. It also specifically mentions that the Authority will be able to use other means to accelerate the delivery of projects and programs, including seeking outside grants and matching or leveraging tax receipts to the maximum extent practicable.

With this goal in mind, TAM staff intends to present a two-part leveraging strategy to the TAM Board that will enable the use of outside fund sources in order to reduce project costs, and enable the accelerated delivery of TAM's sales tax strategies. Staff is presenting this strategy to the Oversight Committee because of its role in reviewing expenditures.

The Hwy 101 Bicycle/Pedestrian Pathway

In its role as the Congestion Management Agency, TAM has responsibility for programming Transportation Enhancement or TE funds. MTC directs the use of

Making the Most of Marin County Transportation Dollars

TE funds regionally. As part of MTC's adopted Regional Transportation Plan, T-2030, these TE funds have been prescribed by MTC to be spent in two programs, the County Transportation Enhancements Program, or TE Program, and the County Transportation for Livable Communities /Housing Incentive Program, or County TLC/HIP program. Once the County develops a program of projects for these two programs, the projects selected are programmed in the State Transportation Improvement Program, or STIP, and are expected to be delivered through the federal process and the CTC (California Transportation Commission) STIP process. Note that in Marin County, we can expect \$2.432 in these federal TE funds, over the next 5 years. See the below MTC chart of TE funding regionwide:

County	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
TOTAL 2006 STIP TE Targets									
Alameda	0	0	0	1,130	1,962	2,040	1,859	1,923	8,914
Contra Costa	0	0	0	1,157	1,293	1,365	1,265	1,246	6,326
Marin	0	0	0	772	418	444	434	364	2,432
Napa	0	0	0	600	269	287	287	226	1,669
San Francisco	0	0	0	784	1,669	1,126	1,067	983	5,629
San Mateo	0	0	0	595	2,968	1,259	1,239	1,012	7,073
Santa Clara	0	0	0	4,481	2,563	2,715	2,639	2,251	14,649
Solano	0	0	0	346	603	626	571	590	2,736
Sonoma	0	0	0	937	1,298	1,458	915	720	5,328
Total:	0	0	0	10,802	13,043	11,320	10,276	9,315	54,756
Cumulative Total:	0	0	0	10,802	23,845	35,165	45,441	54,756	54,756

The types of projects that use these TE funds are typically smaller local projects that are unique in providing enhancements to the local community. Sponsors have communicated to TAM the difficulty of using small amounts of federal funds to develop and construct these projects. The federal process is extensive, with required federal Disadvantaged Business Enterprise (DBE) programs, federal pre-award audits, federal environmental clearance requirements, documentation of compliance with all federal requirements, and slow reimbursement being some of the challenges faced by sponsors. Below are the TE projects that the TAM Board has adopted for TE funding to date:

Jurisdiction Project		Total Funds	PE & Env FY05/06	Const FY06/07
Marin Co	Bicycle Guide Signing	\$150,000	\$42,300	\$107,700
Marin Co	Bus stop improvements	\$128,500	\$44,900	\$82,600
Tiburon	Pine Terrace multiuse path	\$107,000	\$20,000	\$87,000
Larkspur	East Sir Francis Drake Bicycle/Pedestrian Multi Use Wooden Bridge Rehabilitation	\$97,500	\$7,500	\$90,000
Marin Co	Olema Bolinas Pathway	\$418,000	\$146,300	\$271,700
San Rafael	Medway/Canal Intersection Improvements Project utility underground, curb and gutter, sidewalk upgrades, bus stop improvements, and street furniture	\$400,000		\$400,000
	Total	\$1,301,000	\$261,000	\$1,040,000

TAM staff propose taking up to the entire amount of TE funds available to us, \$2.432Mil., none of which has been spent by sponsors, and programming it to the Hwy 101 Gap Closure project to be expended on the Puerto Suello Hill Bike/Ped Path. The Bike/Ped path has been committed to by TAM as part of the Measure A Sales Tax Expenditure Plan. The Bike/Ped Path could be funded with TE funds, and will cost at least \$2.432 Million. There are several advantages to this:

1. First, the Hwy 101 Gap Closure project is already “federalized”, meaning that it already meets all of the requirements to utilize federal funds. There does not need to be any further expenditure of Marin County funds to “federalize” additional projects such as the TE projects or upcoming TLC/HIP projects.
2. The TE funds can be made available all at once, through a CTC allocation action, with no cost to TAM or the Measure A Program. The CTC has consistently granted TE funds over the last several years of fiscal crisis. The CTC has emphasized the need for local agencies to deliver the TE projects so the State can capture TE funds at the federal level.
3. Savings can be realized in both time and money if nonfederal funds were utilized. TAM has adopted \$957,000 in County TE Program projects, and will be considering the adoption of County TLC/HIP projects in the next several months, totaling an additional \$1.475 in TE funds. It is expected that up to 10% of the cost of projects can be realized in savings if non-federal funds are utilized instead. This means a savings of nearly \$250,000 to projects, funds that can be spent on delivering additional projects to the public.

What this means is that an equal amount of sales tax funds that would have gone into the Hwy 101 Gap Closure for the Bike/Ped Path will go to the County TE and TLC/HIP projects instead.

Note that this is not using less sales tax for the Hwy 101 Gap Closure project or the County TE and TLC/HIP programs. This is an administrative exchange of money that keeps funding levels whole in the programs affected.

One aspect of the Hwy 101 Strategy in the Measure A Expenditure Plan that is left untouched is what happens to the savings from the Hwy 101 Strategy 2 if all of the dedicated funding is not used. Any savings in sales tax revenues dedicated to the Hwy 101 project would be redirected to transit projects outlined in Strategy 1, as required in the Expenditure Plan, and would not be affected whatsoever by this leveraging plan .

The Federally Funded Local Road Rehab Projects

Again as part of its role as the Congestion Management Agency, TAM oversees the use of federal funds on local road rehab. These Surface Transportation Program, or STP, funds are also prescribed by MTC in their Regional Transportation Plan, T-2030, as being used on local road and transit rehab. Marin County does not directly receive transit rehab funds but does receive a modest amount of local road rehab funds, totalling \$2,668,798 , over the next three years, divided between the 11 jurisdictions eligible, per the below:

MARIN	Pop Share	Mileage Share	Shortfall Share	Performance Share	Total Share
Marin County	\$ 173,175	\$ 365,585	\$ 793,048	\$ 147,014	\$ 1,478,822
Belvedere	\$ 5,369	\$ 10,347	\$ -	\$ 694	\$ 16,410
Corte Madera	\$ 23,569	\$ 27,160	\$ 21,122	\$ 4,759	\$ 76,610
Fairfax	\$ 18,401	\$ 23,711	\$ -	\$ -	\$ 42,113
Larkspur	\$ 30,249	\$ 26,729	\$ 27,960	\$ -	\$ 84,938
Mill Valley	\$ 34,282	\$ 49,578	\$ 33,993	\$ -	\$ 117,853
Novato	\$ 124,525	\$ 82,343	\$ 46,313	\$ 27,948	\$ 281,128
Ross	\$ 5,924	\$ 9,485	\$ 4,576	\$ 2,206	\$ 22,190
San Anselmo	\$ 31,131	\$ 34,489	\$ 41,167	\$ 4,715	\$ 111,503
San Rafael	\$ 143,430	\$ 143,130	\$ 32,176	\$ -	\$ 318,737
Sausalito	\$ 18,464	\$ 22,849	\$ -	\$ -	\$ 41,314
Tiburon	\$ 22,120	\$ 29,316	\$ 18,072	\$ 7,673	\$ 77,180
TOTAL	\$ 630,639	\$ 824,722	\$ 1,018,428	\$ 195,009	\$ 2,668,798

Note this amount of rehab funding could increase by up to \$800,000 due to the increased availability of federal funds under SAFETEA-LU, the new federal transportation bill.

The Public Works Directors in Marin County have struggled with the use of such small amounts of federal funds. With extensive requirements for federalizing a project, as mentioned above, the funding levels are hardly worth pursuing

With this in mind, TAM and MTC staff are pursuing the usage of these federal funds in the already federalized Hwy 101 Gap Closure Project in exchange for an equal amount of Measure A Sales Tax funds being dedicated to local road rehab. Again, both projects would remain whole, with a dollar-for-dollar exchange of funds. This is another administrative fund exchange that will

result in savings to the rehab projects, enabling more projects to be delivered and in a shorter timeframe.

In conclusion, TAM staff request the Oversight Committee review these proposed expenditure options. TAM can benefit from the availability of these federal funds at this point in time, resulting in more projects being delivered to the public and in a shorter timeframe. Marin County Counsel has reviewed the requirements and allowances for leveraging as expressed in the Measure A Expenditure Plan and found this proposal to be consistent with the Expenditure Plan.